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Iceland's Question of Sovereignty and European Union Accession

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The word “sovereignty” is hard to escape in the political discourse surrounding Iceland’s application to join the European Union. The centrality and importance of this term is integral to Iceland’s political discourse in general. For example, Iceland’s Left-Green Party states on their website that sovereignty is one of the four cornerstones of their policy: “The Left-Green Movement fights for an independent, Icelandic foreign policy that maintains the sovereignty of Iceland...” (“The Left-Green Movement“) One of Iceland’s leading magazines, The Reykjavík Grapevine, in an article after Iceland’s 2008 economic crisis, stated, “Iceland’s sovereignty has been compromised as a result of the reckless actions of this ‘elite’.” (Erlingsdóttir) Similarly, former Prime Minister and former Minister of Foreign Affairs Halldór Ásgimson wrote, “The concepts of ‘sovereignty’, ‘freedom’, and ‘independence’ are among the most important, and at the same time most sensitive concepts of public discourse.” (Ásgimson) Thus, the term sovereignty is used to invoke a variety of meanings and sentiments.

This article examines the colonial-historical perspective that purports that Iceland has a unique reverence for and definition of sovereignty, derived from its colonial past, arguing that Icelanders’ adherence to this perspective will either impede their application to join the EU or force them to reevaluate their views of the EU in order to fit their view of sovereignty.

The Importance of Sovereignty to Iceland

The first question addressed is why sovereignty is so important to Icelanders. The word sovereignty in Icelandic is fullveldi, which means "full power." (Skulason) Thus, when Icelanders invoke the word, sovereignty, they are not invoking an abstract political idea or a linguistically obsolete term that refers to a sovereign (king) as in the English language; they are invoking the relevant and lucid concept of full power. This literal translation sets the tone for Icelanders’ views on sovereignty. In Iceland there are two leading explanations of the
importance of sovereignty to Icelanders.

The first explanation regards the size of the Icelandic state as the primary reason for Icelanders’ reverence of the concept. This explanation equates sovereignty with independence, authority, and decision-making power as measured by the size of a country’s economy, military capacity, and resources. Measured in these terms, small states are generally in a weak position to maintain their sovereignty in the international system. Iceland as a small state is in a constant struggle to maintain and assert its sovereignty, which is why Icelanders are so careful to protect it. Baldur Thorhallsson, political science professor and head of the Centre for Small State Studies at the University of Iceland, is a leading theorist in this perspective. Thorhallsson argues that the cause of Iceland’s 2008 economic meltdown can be traced to its economically and politically compromised position as a small state. The United Kingdom’s ruthless response to Iceland’s crash in the Icesave dispute (see article by Glass-Hardenberg in this issue) is an example of Iceland’s incapacity to protect itself from outside influences and to garner shelter from the international community. The economic crisis is a perfect demonstration of Iceland’s constant struggle and confrontation with its own lack of sovereignty.

Political scientist and professor at Bifröst University Eírikur Bergmann provides the second, contrasting explanation of Iceland’s sovereignty. In addition to illustrating the importance of sovereignty to Icelanders, he demonstrates how Iceland’s definition and debate around sovereignty are unique compared with other small states that have faced EU accession. (Bergmann, “Telephone interview with author”) According to Bergmann, the meaning of sovereignty in Iceland is a historical and legal matter, not simply of a small state but of an ex-colonial state. Iceland was first colonized by Norway in 1262, beginning almost 700 years of colonization. Norway was united with the other Scandinavian states under the Kalmar Union in 1380 and then disunited in 1814, after which Iceland was left under Danish rule. The Icelandic Independence Movement arose through the mid-1800s, led by Jón Sigurðsson, who Bergmann suggests is a crucial part of Iceland’s political discourse as a symbol of Icelandic sovereignty. (Bergmann, “Sense of Sovereignty...”) In 1874, Iceland began to be granted its independence from Denmark, winning it fully in 1944. This seven-century colonial past still resonates with Icelanders and has nestled deep into Iceland’s political rhetoric and identity.

Bergmann also argues that the manner by which Iceland won its independence has contributed to Icelanders’ relationship to sovereignty. Iceland’s independence struggle stands apart from most because rather than resulting from warfare and bloodshed, Iceland won its independence entirely through legal channels. (Bergmann, “Sense of Sovereignty...”) The Act of Union was a legal agreement, enacted in 1918, that allowed Iceland 25 years of temporary sovereignty and a subsequent Icelandic referendum to vote for or against the end of their allegiance to the Danish Crown. Those 682 years of foreign rule and dependency and the gradual legal relinquishing of sovereignty to Iceland are the factors that have shaped Iceland’s current sovereignty discourse. Icelanders might argue that they did not win their sovereignty so recently only to sell it off to the highest bidder. Furthermore, the legality of their sovereignty symbolically makes the prospect of legally relinquishing it to the EU seem all the more invasive. Therefore, while the state power view of Iceland’s sovereignty seems valid in light of recent events as an explanation of why Iceland applied to the EU, this colonial-historical view that defines sovereignty as a part of Icelandic identity offers a more historically grounded and uniquely Icelandic understanding of their usage of the term in the debate surrounding the EU.

Iceland’s Participation in the European Integration Project

Although Iceland’s question of sovereignty in relation to the EU may seem novel considering Iceland’s long-term resistance to applying, in reality Iceland has participated in the European integration project since 1970 and has been forced to rework its views on sovereignty every step of the way. Iceland is currently a member of several international organizations, including the European Free Trade Association (EFTA), the European Eco-
Examine Iceland's participation in these organizations suggests how the EU may affect Iceland's sovereignty.

In 1970, Iceland began its European integration when it became the ninth member of the EFTA. The premise of the EFTA was to allow European countries that remained outside of the European Economic Community (precursor to the EU) to create an alternative free trade bloc. However, as the European Economic Community further integrated and grew in members and economic strength, EFTA's membership diminished (currently including only Iceland, Norway, Liechtenstein, and Switzerland).

Today EFTA's primary task is managing the EEA, an agreement that came into force in 1994. ("The European Free Trade Association") The agreement allows EFTA states to participate in the "four freedoms" of the EU: the free movement of goods, services, persons, and capital. The EEA, however, does not include the following EU policies: Common Agricultural and Fisheries Policies, Customs Union, Common Trade Policy, Common Foreign and Security Policy, Justice and Home Affairs, and the Monetary Union. ("The European...") EEA member states also lack legislative power within the EU; they are not subject to direct decisions from the European Commission or the European Court of Justice; and their governing bodies rule by consensus rather than majority vote (as in the EU). Furthermore, considering that Norway and Iceland are two of the leading fishing countries in Europe, the EEA states maintain bilateral fishing agreements with the EU. ("The European...") These differences between the EEA and EU policies will be major determining factors in Iceland's EU negotiations.

The Schengen Area is another European organization that has already furthered Iceland's integration into the EU. The Schengen Agreement was originally signed in 1985, becoming an official part of EU legislation in 1999. Iceland, along with the other members of the Nordic Passport Union, signed the agreement in 1996 and became official members in 2001. The Schengen Area regulates the free movement of persons between member states. This means that the member states have corresponding exit, entry, and visa requirements and have increased coordination of their judicial and police authorities. ("The Schengen Area...") Therefore, abiding by EEA, EFTA, and Schengen standards, Iceland is already well integrated into the EU but nevertheless lags behind in several important areas, including fisheries and foreign policies.

Although today an active participant in these organizations, Iceland certainly struggled with the question of sovereignty when embarking on European integration. Bergmann addresses the question of why Icelanders participate in other European integration projects that seem to intrude on Iceland's sovereignty but have not participated in the EU. (Bergmann, "Sense of Sovereignty..."; Bergmann, "Why EEA but not EU?") His reasoning is that Icelanders have managed to reevaluate their views of those other European organizations to find they do not legally deplete Iceland's sovereignty. More concretely, he states, "the Icelandic government and...legal scholars have been able to argue that the legal effect is not as direct in the EEA as it is in the EU system." (Bergmann, "Sense of Sovereignty...") In other words, Icelanders have chosen to believe that the EEA does allow them some legal exemption from EU policies. Given that legality is an important aspect of Bergmann's definition of Iceland's sovereignty, these loopholes made EEA membership possible, although in realistic terms, Iceland, as a member of the EEA, is obliged to accept most EU policies. Therefore, in conjunction with the few but important policy areas affected by EU membership, Bergmann also argues that this legal loophole would close and Icelanders would lose their sense of sovereignty by joining the EU.

What does the European Union mean to Iceland's sovereignty?

After years of contesting an application to join the EU based on the claim that the EU erodes national sovereignty, Iceland's 2009 application signifies a reevaluation of Icelandic views. With respect to the two leading explanations of Icelanders' views on sovereignty, there are two possible reevaluations. On one hand, those who have come to purport, since the economic crash, Thorhallsson's state power view of sovereignty, namely the Ministry of For-
eign Affairs and the finance/banking sector, argue that Icelanders are looking to augment their sovereignty by joining the EU. Although this argument does speak to certain constituencies, and without devaluing its validity to those constituencies, there is a significant downside to this perspective in that the majority of the Icelandic public is opposed to EU membership. This leads to consideration of the colonial-historical perspective, which mitigates this discrepancy between the Icelandic public’s opposition to the EU and its membership application by arguing that in order for Icelanders to have swallowed their sovereign pride and apply to the EU, they are reevaluating their views on the effect of the EU on sovereignty rather than reevaluating their views on sovereignty. Because the effects of the EU on national sovereignty are widely debated in Europe and among scholars worldwide, if Iceland were to join the EU, Icelanders would situate themselves among those members who believe that the EU does not deplete national sovereignty in order to maintain their sovereign identity.

In favor of the EU

The stance that Iceland’s sovereignty will be augmented by joining the EU is grounded in Thorhallsson’s definition of sovereignty, in which small states, such as Iceland, are in a compromised position to maintain their sovereignty or decision-making power in the international system. Thorhallsson and the aforementioned constituencies state that multilateral agreements would increase Iceland’s decision-making power, thereby increasing Iceland’s sovereignty. One of the most forthright proponents of this view is the Icelandic Ministry of Foreign Affairs, Audunn Atlason, that Ministry’s Director of the Department of Information, relied directly on this explanation to present a favorable case for Iceland’s application to the EU. In particular, Atlason used the “dinner table” metaphor to describe the enhancement of Iceland’s sovereignty that would come from EU membership, comparing Iceland with a small child who hopes to get a seat at the adults’ dinner table in order to participate in the adults’ decision-making process. In other words, Atlason was proposing that Iceland, as a participant in other European international organizations and as a small nation, already abides by the laws of the EU but has no power to influence the creation of these laws. Cooperation is the key to winning Iceland’s sovereignty, not isolation.

Support for this argument is found in a series of recent bilateral agreement failures. For instance, many Icelanders are still bitter over the United States’ abandonment of the U.S. Naval Air Station Keflavik in 2006. After a half-century of occupation of the air base, the U.S. decided to reemploy their forces elsewhere, leaving the air base and the entire city of Keflavik, which was built up physically and economically around the airbase, deserted. Fontaine-Nikolov, in 2006, recounted the damage done by the closing of the air base. His article states that up to 1,000 previous employees of the airbase were desperately bemoaning the loss of their jobs. Furthermore, the U.S. departure shook awake a debate on Iceland’s defense. The base had served as Iceland’s main source of defense since World War II, and although Iceland is a member of NATO, many were concerned that the departure left Iceland’s security vulnerable. Hence, although some constituencies, such as the Left-Green Party, saw the U.S. base as an intrusion of sovereignty, many had to confront their lack of sovereignty when they saw an economic and security outpost unilaterally ripped away from their country, without any say in the matter, leaving them potentially vulnerable.

Unfortunately in this case, history tended to repeat itself. The failure of American and international support during Iceland’s 2008 economic crash further compounds the argument in favor of EU multilateral cooperation to secure Iceland’s sovereignty. In September and October 2008, Iceland witnessed the collapse of its three largest banks—Glitner, Landsbanki, and Kaupthing—accompanied by a severe depreciation of its national currency, the Icelandic króna, and gross public and private foreign debt of approximately 300 percent of national income. (Gylfason, p. 51) Richard Thomas, financial analyst for Merrill Lynch, described the Icelandic banking sector as “too fast, too young, too much, too short, too connected, too volatile.” (Jónsson, p. 123) The failure of the U.S. and Russia to provide support
and the delayed response of the IMF demonstrated Iceland’s international vulnerability. From the state power perspective, Iceland’s lack of any real decision-making power and inability to protect itself or garner protection through international cooperation was a sign of its lack of sovereignty. As a participant in a multilateral community, as it would be in the EU, Iceland would have had more power to protect itself from such a crisis and its aftermath.

Furthermore, the demonstrated weakness of the króna, which has always been prone to fluctuations as a small currency, opened a new debate around joining the eurozone. The prospects of gaining an economic safety net in the EU and joining the eurozone are long-term goals and perhaps questionable in view of the tribulations of the European economic project. For instance, it is estimated that Iceland, if it joined the EU, may not be able to join the eurozone for between 5 and 20 years. Overall, however, in applying to the EU, Iceland is undoubtedly looking to situate itself in a larger economic community to ensure protection from future economic instability and fluctuations. This argument provides those involved in the economic/finance sector, in coordination with the Ministry of Foreign Affairs, with a resounding voice supporting EU membership and upholding the state power view of sovereignty.

**Opposed to the EU**

The primary flaw of the state power argument can be found in the numbers. Since the economic crisis, public support for membership in the EU has dropped from about 50 percent to 25 percent and opposition has risen from about 25 percent to 60 percent (Figure 1). Most Icelanders, therefore, are not looking to the EU as a safety net against their failing bilateral defense agreements and their instable economy. The majority of Icelanders actually responded oppositely and blamed the economic elites who support the EU for the crisis and for endangering their sovereignty. Now there is more opposition to EU membership than ever. Thus, Bergmann’s explanation of sovereignty may unveil how most Icelanders really feel about the EU, leading to hypothesizing that Icelanders will either refuse to join the EU or reevaluate their view of the effect that the EU has on sovereignty.
The rebuttal to the state power argument from the colonial-historical perspective maintains that Icelanders have not changed their outlook on sovereignty since the economic crash because the Icelandic “sense of sovereignty,” as Bergmann calls it, is not related to the economy or to Iceland’s military defense but to Icelandic identity. Proof of this perspective is manifested in Icelandic everyday life. For instance, Fullveldisdagurinn, “Sovereignty Day,” is an unofficial Icelandic holiday that celebrates imposition of the Act of the Union. In addition to this holiday representing Icelandic commitment to the concept of sovereignty, Sovereignty Day in 2008 was used as a day for public gathering and discussion about the state of Iceland’s sovereignty after the crisis and in light of the EU application. Coverage of the event by the Icelandic Review Online (“Iceland’s Sovereignty Day…”) indicates that the day included a series of heartfelt lectures that addressed the loss of Icelandic sovereignty caused by the governing class. In one quotation, a laborer, Margrét Pétursdóttir, remarked, “Democracy is one of the parts of life that worry us today because of the lack of trust we have in the representatives who were supposed to guard our sovereignty and lead in the name of democracy.” Hence, sovereignty in this case is still something that needs to be protected from and by Icelanders themselves, not from and by the rest of the world. As opposed to the state power view, the belief underlying Pétursdóttir’s statement is that Iceland does have sovereignty and that sovereignty is theirs to gain or to lose. This opinion is similar to that reflected in the quotation from The Reykjavik Grapevine that blames the Icelandic elite for threatening Iceland’s sovereignty. In both of these cases, the finger is not pointed at the U.S. or at international bilateral agreements for depriving Iceland of its sovereignty; the finger is pointed at those in power in Iceland who are charged with the task of maintaining their sovereignty.

The difference in perspectives between the opposing sides of the debate as to who is in charge of Iceland’s sovereignty is essential. Whereas the state power proponents look to the EU to gain a voice and to gain sovereignty, those who adhere to the colonial-historical perspective do not look at sovereignty as malleable in this way; they view sovereignty as an absolute and a possession. In the Sovereignty Day speech, Pétursdóttir also stated, “We have to… talk about sovereignty and whether we want to assign it to an institution outside our territorial waters.” (“Iceland’s Sovereignty Day…”) Iceland would not be gaining decision-making power in an institution that already greatly influences them but would be giving something away that is theirs. The territory, as Pétursdóttir mentioned, is also an intrinsic part of this view of sovereignty. By joining the EU, Iceland would be picking up their sovereignty and putting it in Brussels, which is a hard reevaluation to swallow.

Furthermore, the voice that the state power constituency proposes to gain in the EU is unarguably limited. In the EU, Iceland’s representation in the Council of Ministers based on population size would probably be only about 3 votes of 345, as opposed to Germany, the United Kingdom, France, and Italy, which have the most votes, 29 each. Iceland would be the smallest country in terms of population in the EU. Malta is the only country in the EU that has as few as 3 votes. Voting in the EU is won by a qualified majority rather than consensus, which means that it is possible for the EU to pass legislation with considerable opposition. Therefore, although the state power view’s dinner table metaphor is persuasive, Iceland would not gain equal decision-making power by joining the EU and would be giving away part of its identity.

Although the state power argument finds that Iceland’s membership to the EU would be a minimal change in terms of policy, there is one aspect of policy that promises to be a drastic change and brings attention to the colonial-historical argument about the EU impeding Icelandic sovereignty and identity: fisheries policy (see article by Degenhart in this issue). It is impossible to talk about Iceland’s prospects in joining the EU without addressing the fishing industry. The fishing industry has been one of the most important sectors in Iceland’s economy for more than 1,000 years. In the past half century, fishing and fish processing have contributed between 17 percent, at its peak in 1978, and 8 percent, in 2008, of Iceland’s GDP. Fishing has employed up to 16,000 people during the 1980s and currently employs approximately 8,000 people, 4.1 percent of current
total employment. (Icelandic Ministry of Fisheries and Agriculture) Comparatively, income from fisheries accounts for 100 times more per person than the EU average, and Iceland contributes about one third of total European fishing products. ("General Position...")

These economic indicators, however, understate the reach of the impact of fishing on the Icelandic nation. Óssur Skarphéðinsson, Iceland's Minister of Foreign Affairs, has stated, regarding Icelandic fishing policy negotiations with the EU, “This is not only an issue of economics. It is also an emotional issue. It is also an issue that is related to sovereignty.” (Ritter) This relationship that Skarphéðinsson draws between Icelandic fishing and sovereignty is a viewpoint shared by many. Bergmann has also upheld this perspective, which is not difficult to understand when assessing Iceland's history. For instance, the Icelandic Cod Wars are an exemplar of the link between Icelandic nationalism, sovereignty, and the fishing industry. Between 1958 and 1976, in a series of three expansions, Iceland unilaterally legislated large increases in its fishing territories to cover international waters that were fished by fleets from the United Kingdom and elsewhere. Although up against the British Royal Navy, Iceland claimed its new fishing territories as a result of diplomatic negotiations, asserting the small nation's power in the face of one of the strongest naval powers in the world. Therefore, Icelanders no doubt would take offense to the idea of moving the base of their fishing policies to Brussels, leaving their national, economic, and cultural identity in the hands of other (including landlocked) nations.

In all, although the state power perspective in the debate certainly applies to some sectors, it is inadequate in addressing the perspective of most Icelanders in approaching the EU application. The idea of sovereignty espoused by the majority is more than policy and economics; it is the representation of their independence from Denmark—their Independence Movement and its leader, their fishing industry, and their identity as a nation. These opposing outlooks are at the heart of Iceland's debate surrounding the EU and promise to become increasingly exaggerated as the application process progresses.

Iceland's Reevaluation

This assessment of Iceland's debate surrounding accession to the EU as it relates to Iceland's sovereignty points toward the improbability of Icelandic membership in the EU. In particular, the importance of the fishing industry to Icelanders' sovereign identity will make the round on fisheries a serious challenge to negotiations with the EU. Those in favor of EU membership reassert this point on the same grounds as those who oppose the EU. As stated by Atlason and in the "General Position of the Government of Iceland," Iceland needs to gain either exemption from the EU Common Fisheries Policy or a position in the reshaping of that policy in order for the negotiations to continue. Even if one of those two outcomes is met, it is questionable if Iceland would join the EU based on its other concerns over sovereignty and identity. Icelandic membership to the EU in its final stage will be a national referendum, at which point the overwhelming Icelandic opposition to the EU could put an instant end to the application. This assessment encapsulates the reasoning behind the improbability of membership.

However, the possibility of membership is not entirely excluded. Membership would also hinge on an Icelandic reevaluation of their views of the EU. To modify Bergmann's argument in "Sense of Sovereignty," the same reevaluation that Iceland previously underwent to legally redefine the relationship between European integration and its sovereignty could be undertaken for the EU. For instance, some may argue that member states' voluntary admission and ability to leave the EU allow member states to ultimately maintain their national sovereignty. In that the range of scholarship on the effects of European international organizations on sovereignty is indecisive, Icelanders may find it easy to amend their sovereign identities with EU membership through a legal reevaluation, just as they have in the past.
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